

Approved For Release 1999/09/08 : CIA-RDP82-00457R001800070004-5

## INFORMATIVE REPORT

COUNTRY Austria

SUBJECT Future Austrian Government  
Policy Toward USIAPLACE  
ACQUIRED 25X1A6a

DATE OF INFO

25X1X6

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DATE DISTR. 18 August 1948

NO. OF PAGES 3

NO. OF ENCLS.  
(LISTED BELOW)SUPPLEMENT TO  
REPORT NO.

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The following is a translation from the German original proposal in draft form presented by the Austrian Ministry of Trade and Reconstruction in January 1948 to the Austrian Council of Ministers concerning future Austrian Government policy toward USIA. The Council of Ministers approved the proposal in principle, but the plan was shelved for the duration of the London Conference. Now that treaty negotiations in London have broken down, it is likely, according to informant, that the plan will become Austrian Government policy, and that excerpts of it will be submitted in the near future to the Secretariate of the Allied Council.

Austrian Republic  
Ministry for Trade and Reconstruction  
Vienna IX, Berggasse 16

Vienna, 20 January 1948

(Draft copy--not yet released because  
of London)

121.790/24/48

Subject: Commercial dealings with USIA concerns; establishment of an Austrian and a Russian directing authority; plan of organization.

1. Introductory Remarks:

The new system governing commercial dealings with USIA concerns in the sense of the December discussions requires, as organizational prerequisites, instruction of the interested parties concerning previous discussions and an elastic organizational plan which fits the special requirements of the various technical branches. In the sense of the principle mutually agreed upon for each branch of industry, and later for each individual "Potsdam" concern, namely, that allotments of raw materials drawn up by the Austrians be set up in proportion to deliveries of finished goods made by the "Potsdam" firms to the Austrian economic system, it was demonstrated in preliminary discussions with Austrian economic organs that there are rather extensive complications, since allotments of raw materials are carried out in part by sources not connected with a branch of industry (e.g., allotments are made to the mining,

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Next Review Date: 2008

Document No.

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DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1765

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steel production, and iron production industries not merely from the appropriate economic branch but also from the chemical sector). In the interest of concrete negotiations with the Russian Element, a list of firms under Russian administration, broken down according to branches of industry, was first of all transmitted by the Federal Ministry for Trade and Reconstruction, and copies of the pertinent section of the list were submitted to the individual economic associations as a basis for them to work on.

At the first conferences, it turned out to be a necessity to transmit to the interested offices not merely the pertinent section of the list but rather the whole list; these offices must assign to firms under Russian administration, both firms which belong to a given branch of industry and those which do not, allotments of materials already ratified or to be carried out in the future. For these reasons, copies of the list must be sent to the following recipients:

- II a) Supreme Mining Authority
- b) Section III
- c) Departments 18, 19, 20, 21, 22, 24, and 31.
- d) Federal Chamber of Commerce, Vienna I, Stubenring 8-10
- e) Chamber of Labor, Vienna,  
Attention: Engr. STERN  
Vienna I, Ebendorferstrasse 7
- f) All Economic Associations (Wirtschaftsverbaende)
- g) Federal Ministry for Foreign Affairs,  
Vienna I, Ballhausplatz 1
- h) Federal Ministry for Property Control and Economic Planning  
Attention: Dr. HFTZ  
Vienna I, Hofburg, Amalienstrasse
- i) Federal Ministry of Finance  
Attention: Section Chief Dr. STANGELBERGER  
Vienna I, Johannesgasse 5
- j) Federal Ministry of Communication  
Vienna I, Elisabethstrasse 9

(Numbers g to j are information copies)

Subject: Concerns under Russian Administration

As a result of negotiations in December of last year between Federal Chancellor Dr. Eng. FICHL and Genpolk ZHELEZOV of the Russian Element to eliminate Russian transportation restrictions, the Ministry for Trade and Reconstruction was instructed to enter into direct negotiations with the director of concerns under Russian administration (USIA), so as to attain integration of these concerns into the Austrian economic system, clear up relations between firms under Russian administration and the Austrian economy, and at the same time induce systematic commercial transactions. It may be noted in passing that, in accordance with our interpretation of the law, only firms subordinated to the Administration of Soviet Property in Eastern Austria (USIA), but not the Administration itself, are to be considered here as partners in the transactions; any discussion of the property question is eliminated from the very start.

In detailed discussion of these problems between the directors of firms under Soviet administration and representatives of our Federal Ministry, the basic questions were discussed and it was agreed that divergent interests between Austria and firms under Soviet administration would be set aside, and, starting in 1948, allotments of raw materials would be fixed for each branch of industry; allotments would be made available by Austria out of domestic production or out of imports; in return, a corresponding quantity of finished products would be delivered by the Russians. Even the foreign commerce of these firms is to be worked out within this framework. In the future, this should be established for each individual firm.

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For this purpose, central directing offices were mutually agreed upon, which, except in so far as export questions of firms under Russian administration are concerned, will be run on the Austrian side by Dr. SZABO, Section V, Dent. 24, and on the Russian side by Col. TIKHOMIROV, Deputy Director of USIA. Periodic meetings, to take place about every 14 days, were arranged to settle matters. This agreement was concurred in by the Federal Chancellor and by Genpolk ZWILTOV.

In order to insure the best possible success for this new era in economic relations with the Russian Element, a coordination of all related questions is required on the part of individual departments, sections, and economic organizations. The following line will be adhered to in systematizing the program to be concluded:

1) All materials subject to rationing and goods in short supply, use of which is directed by the State, and which can be delivered to the Soviet-administered firms designated on the attached list, divided up according to branch of industry, are to be entered with indication of quantity under the indication of the allotment period (monthly, quarterly, etc.). In this category are included all raw materials, auxiliary materials, power, coal, working clothes, transportation facilities, etc., which are to form a basis of computation for the transactions. Cooperation of the technical economic organizations is to be induced.

2) Because of the difficulties of detailed computations, the allotments made in the period before 1948 will form the basis of computation in many fields. Because of overlapping, and to avoid interruption in deliveries which had been agreed on before and constantly repeated, the allotments falling within the period prior to 1948, as far as they are ascertainable in the past, are to be calculated in an analogous fashion, along the lines of the procedure mentioned in para 1), so as to establish a sort of transitional balance.

3) Because of the extent of the negotiations, one permanent member of the offices receiving this order and one technical expert, whose services are particularly required, are to be nominated from each branch of industry; they will be registered as members of a permanent commission with Section 24/V, Vienna IX, Berggasse 16 (Dr. SZABO).

4) Separate transactions of technical associations or other offices, occurring from the earlier development, with firms under Russian administration or USIA sections are to be continued. Their final treatment, however, or conclusion is reserved for the directing offices on both sides. The Commission is to be notified of existing delivery agreements and developments based upon them, as well as suggestions for improvements or other topics.

The willing cooperation of all affected and interested organs is required for attainment of an adaptation and incorporation of USIA firms into the Austrian economic system and for preservation of Austrian economic laws, in the interest of a mutually tolerable economic life. Names of representatives who are to be delegated to the Commission should be communicated as soon as possible to the Austrian directing office; preliminary work along the lines of the above observations is to begin at once. Once the membership of the Commission has been determined, a general discussion should be arranged for the purpose of allotting materials within particular time limits, etc., before concrete negotiations with the Russian directing office.

### III Pro domo

It might be useful, in accordance with an unofficial suggestion, to inform the Secretariate of the Allied Council, by transmittal of a copy (possibly in the form of extracts), with the following introductory lines:

To the Secretariate of the Allied Council for Austria  
Vienna IV, Schwarzenbergplatz 4

The Austrian Federal Government takes the liberty of submitting for your information the attached copy of an order of the Federal Ministry for Trade and Economic Planning.

Although the three western Allied Forces have already incorporated their "Potsdam" firms into the Austrian economic system, this has remained an open issue for the "Potsdam" firms of the Russian Element. The remarks contained in the preceding order should result in bringing about a settlement of this open question, together with a clarification of the occupation requirements of the Russian Element in Austria.

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